

820 KAR 1:016. Distributor and manufacturer licensees.

RELATES TO: KRS 238.525, 238.530, 238.555(3)(h)

STATUTORY AUTHORITY: KRS 238.515(1), (2), (3), (4), (9), 238.530(1), (2), (4), (5), (6)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 238.515(2) requires the Department of Charitable Gaming to establish reasonable standards for the conduct of charitable gaming. KRS 238.525(1) requires the department to issue an annual or biennial license to a qualified applicant and to establish fees not to exceed the amounts established in KRS 238.530(1) and (2). KRS 238.530(4) requires applicants for licensure to complete a required application form and KRS 238.530(1) and (2) requires the department to establish licensure fees, not to exceed \$1,000. This administrative regulation establishes the fees and procedures for annual licensure of distributors and manufacturers.

Section 1. Application for Licensure. (1) An applicant for a distributor's or manufacturer's license shall submit a complete, accurate, and verifiable application on either Form CG-2, Distributor License Application, or Form CG-3, Manufacturer License Application, at least sixty (60) days prior to the expiration of its license or expected date of operation.

(2) An application shall not be considered complete until all deficiencies are resolved.

(3) If the applicant does not file a written response to a deficiency request within thirty (30) days or does not provide a requested document, the application shall be deemed withdrawn.

(4) Once the department has received a complete application, it shall grant or deny the license within sixty (60) days.

(5) The department shall issue a license if the applicant has:

(a) Met the requirements for licensure set forth in KRS 238.530;

(b) Paid all fees and fines;

(c) Filed all reports required;

(d) Filed a financial plan if required; and

(e) Complied with all terms and conditions of any applicable settlement agreement or probationary terms.

(6) Fingerprints shall be required for the chief executive officer, the chief financial officer, and anyone with a ten (10) percent or greater financial interest in the licensee.

(7) If the licensee wishes to change any information printed on the license, the request shall be submitted prior to the date of the change being made along with a fee of twenty-five (25) dollars. The request shall be signed by an officer. The licensee shall receive the new license before making the requested change.

Section 2. Information Required on License. A license issued by the Department of Charitable Gaming shall clearly state the:

(1) Name of the licensee;

(2) Physical address of the licensee;

(3) Date of issuance of the license;

(4) Expiration date of the license;

(5) Type of license issued (manufacturer or distributor); and

(6) Address of the Department of Charitable Gaming.

Section 3. Fees for Licensure. (1) The annual license fee for each distributor or manufacturer license issued shall be \$1,000.

(2) A nonrefundable processing fee of twenty-five (25) dollars shall:

(a) Accompany each application for licensure; and

- (b) Be credited against the amount of the annual license fee.
- (3) An annual license shall not be issued until the annual license fee is paid in full.
- (4) The annual license shall be effective for one (1) year from the date of issuance.

Section 4. Requirements of a Distributor. (1) Pulltabs or bingo papers that are damaged shall not be sold and shall be destroyed by burning, shredding, or defacing in some manner to prevent their reuse.

(2) A distributor shall maintain a separate bank account for the operation of the distributorship that is not commingled with a personal account or another business account. If the licensee owns multiple distributorships, separate bank accounts shall be maintained for each distributorship.

(3) Any payments received from a licensed charitable organization shall be by check drawn on the charitable gaming account or electronic fund transfer from the charitable gaming account.

Section 5. Requirements of a Manufacturer. A licensee who does not receive payment in full from a distributor within sixty (60) days of the delivery of charitable gaming supplies and equipment shall notify the department of the delinquency in writing by letter stating the name and license number of the delinquent distributor.

Section 6. Incorporation by Reference. (1) The following material is incorporated by reference:

- (a) Form CG-2, "Distributor License Application", 5/15; and
- (b) Form CG-3, "Manufacturer License Application", 5/15.

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Department of Charitable Gaming, Public Protection Cabinet, 132 Brighton Park Boulevard, Frankfort, Kentucky 40601, Monday through Friday, 8 a.m. to 4:30 p.m. (32 Ky.R. 797; 1272; 1635; eff. 3-31-2006; 40 Ky.R. 1462; eff. 4-4-2014; 42 Ky.R. 920; eff. 1-4-2016.)